



Members or Managers

To be exempt from industrial insurance coverage an LLC member or manager must meet the following rules:

For an LLC with members only and no managers

Members are excluded from coverage if they meet the requirements of RCW 51.12.020(5) for sole proprietors and partners.

Generally, all members are exempt, unless management rights are restricted to certain members. If management of the company is restricted to certain members, only those members are exempt from coverage.

For an LLC with managers

If all managers are related within the third degree of kin,

The managers who are also members in the LLC are exempt from coverage.

The family relations may be by either blood or marriage.

If any of the managers are not related to one another,

Only the managers who are also members qualify for the exemption.

To be exempt, the manager must exercise substantial control in the daily management of the company. On a daily basis, the manager must make management decisions over a function or functions that have some effect on the entire company.

No more than eight managers may be considered exempt.

Note: Coverage may be elected on form F213-042-000:

- For an LLC with members only and no managers, each member may elect coverage, individually.
- For an LLC with managers, the LLC may elect coverage for all exempt managers working for the firm and receiving earnings (actual or anticipated).

This card is intended as a Quick Reference Guide for industrial insurance (workers' compensation) purposes. We make every effort to ensure that it is correct. When using this card, please understand it is not intended to replace Department of Labor & Industries' or insured's policies, procedures, RCWs or WACs in their entirety.